

EXHIBIT ZZ

REDACTED PUBLIC
VERSION

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

IN RE: HIGH-TECH EMPLOYEE)
ANTITRUST LITIGATION)
) No. 11-CV-2509-LHK
THIS DOCUMENT RELATES TO:)
ALL ACTIONS.)
_____)

CONFIDENTIAL - ATTORNEYS' EYES ONLY

VIDEO DEPOSITION OF LORI McADAMS

AUGUST 2, 2012

Reported by: Rosalie A. Kramm, CSR No. 5469, CRR

09:25:55 1 is hourly.

09:26:00 2 Q. So [REDACTED] is hourly, and the [REDACTED] is
09:26:03 3 paid a base salary?

09:26:05 4 A. Well, an hourly employee has a base hourly
09:26:09 5 rate, so I'm not distinguishing between a salaried
09:26:11 6 employee and a non-exempt employee.

09:26:14 7 Q. I see. Okay. So [REDACTED] of Pixar's
09:26:21 8 employees earn a base hourly rate, and the [REDACTED]
09:26:25 9 approximately earns a base annual salary.

09:26:29 10 A. We quote it weekly, but, yes, a weekly salary.

09:26:33 11 Q. Okay.

09:26:34 12 A. They don't, you know, get paid by the hour.

09:26:37 13 Q. Right. Are there particular job categories at
09:26:43 14 Pixar that tend to fall into the category of either
09:26:46 15 hourly work or salaried work?

09:26:51 16 A. Well, we follow the Fair Labor Standards Act
09:26:53 17 and wage laws of California, and so, yes, the -- the
09:26:56 18 positions are determined to be hourly or salaried based
09:26:59 19 on those rules.

09:27:04 20 Q. So there is not -- are there particular kinds
09:27:07 21 of job tasks that tend to be performed by people who earn
09:27:11 22 a salary as opposed to people who earn an hourly wage?

09:27:16 23 A. It all depends on the job description. Again,
09:27:19 24 we -- we have a job description that -- that we will
09:27:21 25 evaluate against the rules of wage and hour law, and that

09:27:25 1 determines what -- whether it's a salaried position or an
09:27:30 2 hourly position.

09:27:32 3 Q. Okay. So focusing -- I think we're probably
09:27:35 4 going to spend most of the day talking about salaried
09:27:38 5 employees, but focusing on the salaried employees, how
09:27:41 6 does Pixar determine what salary to pay an employee -- a
09:27:46 7 salaried employee?

09:27:50 8 A. We establish salary ranges for each of our
09:27:54 9 positions, and an employee is offered or paid usually
09:28:01 10 within that salary range.

09:28:09 11 Q. Who -- are those salary ranges -- when you say
09:28:14 12 a -- for positions, who -- how are the salary ranges
09:28:20 13 determined for -- how is the salary range determined for
09:28:22 14 a particular position?

09:28:25 15 A. We participate in salary surveys in the
09:28:31 16 industry and -- and in -- in various fields, and use that
09:28:37 17 information to determine the appropriate salary range.

09:28:41 18 Q. Who -- who is "we" at Pixar? Who makes the
09:28:44 19 decision about salary range?

09:28:47 20 A. It depends on the position, but I do or one of
09:28:52 21 the people on my team who handle compensation.

09:28:57 22 Q. Is there a process by which that determination
09:29:04 23 takes place? I mean, for example, does this happen every
09:29:06 24 year? Does it happen every six months? Does it happen
09:29:09 25 irregularly?

09:29:10 1 A. Well, we receive our salary surveys that we
09:29:14 2 participate in. We get results of that on an annual
09:29:17 3 basis. And so within HR we review our salary ranges
09:29:21 4 relative to that data to determine if we should modify
09:29:26 5 our salary ranges at all.

09:29:28 6 Q. Can you tell me, like, approximately what time
09:29:30 7 of year that happens?

09:29:33 8 A. It happens in the summer for the more
09:29:37 9 entertainment industry-related positions, and it -- the
09:29:42 10 technology survey we can get anytime we want, so we tend
09:29:45 11 to do it about the same time, in the summer or fall.

09:29:49 12 Q. And within Pixar, do you have the final
09:29:53 13 authority with respect to setting salary ranges, or do
09:29:56 14 they have to be approved by someone else?

09:29:58 15 A. I have the final authority.

09:30:04 16 Q. Are there other staff members who participate
09:30:06 17 in that process with you?

09:30:08 18 A. Yes.

09:30:09 19 Q. Who are they?

09:30:11 20 A. My compensation manager, Stephanie Sheehy,
09:30:14 21 handles a number of the tasks for already-established
09:30:21 22 positions.

09:30:24 23 Q. And has she done that since you joined the
09:30:26 24 company in 2004?

09:30:29 25 A. She joined a little bit later than I did, but

09:30:31 1 she's been there for probably seven years or so.

09:30:47 2 Q. What determines how an employee is paid within
09:30:51 3 the range of salary? What determines where they fall in
09:30:56 4 that range?

09:30:58 5 A. Do you mean for a new employee or an existing
09:31:01 6 employee?

09:31:03 7 Q. Well, let's -- if there is a difference, then
09:31:06 8 why don't we start out with an existing employee. How do
09:31:09 9 you know where they fall in that range?

09:31:10 10 A. With an existing employee we evaluate
09:31:13 11 performance, and we look at contributions to the studio
09:31:18 12 as well, the number of projects; not really tenure, but
09:31:23 13 by the nature of, you know, how our projects worked.
09:31:27 14 That comes into play. And then we look at where they are
09:31:31 15 in the range relative to those things and determine
09:31:34 16 whether they're in the right place of -- of the range,
09:31:37 17 given their performance.

09:31:39 18 Q. Will the -- are the ranges typically broken
09:31:42 19 down into different grades?

09:31:45 20 A. No. Salary -- some would call a salary range a
09:31:48 21 grade. We don't use that naming convention, but there
09:31:51 22 is -- it's a range.

09:31:53 23 Q. So a given employee could fall anywhere in that
09:31:57 24 range. It is not like every 10, \$5,000, or something.

09:32:01 25 A. Correct.

09:32:01 1 Q. Okay.

09:32:02 2 A. There is a percentile, a 50th percentile or
09:32:05 3 25th percentile, but we don't have a measurement of where
09:32:09 4 they fall based on percentiles.

09:32:12 5 Q. How wide do those ranges tend to be?

09:32:14 6 A. It varies. The lower, more entry-level
09:32:17 7 positions have about a 40 to 50 percent range, and the
09:32:20 8 more senior positions can have a 60 to 80 percent range.

09:32:32 9 Q. Now, how is the compensation of a new
09:32:37 10 employee -- how is the base salary of a new salaried
09:32:41 11 employee determined?

09:32:42 12 A. We look at their experience and education and
09:32:49 13 how we evaluate them against existing employees and --
09:32:53 14 and make them an offer relative to their experience
09:32:56 15 and -- and our existing talent.

09:33:05 16 Q. Other than the annual review, if that's the
09:33:09 17 right term, that takes place following the results of the
09:33:14 18 survey, are there ever other adjustments that are made to
09:33:19 19 the salary ranges?

09:33:23 20 MS. HENN: Objection.

09:33:28 21 THE WITNESS: Yeah, can you -- can you ask that
09:33:29 22 again? Because --

09:33:31 23 BY MR. GLACKIN:

09:33:31 24 Q. Sure.

09:33:32 25 A. Yeah.

09:33:34 1 Q. So putting aside the process you just
09:33:35 2 described, where you receive the results of the survey
09:33:39 3 and then make adjustments to the -- evaluate your salary
09:33:42 4 ranges, putting aside that process --

09:33:44 5 A. Uh-huh.

09:33:44 6 Q. -- has Pixar ever adjusted salary ranges
09:33:48 7 outside of that process, for example, at a different time
09:33:51 8 of year?

09:33:54 9 A. Not generally. We -- we tend to do that
09:33:57 10 evaluation once a year.

09:34:00 11 Q. Has it ever happened, to your knowledge?

09:34:04 12 A. There has been a time where we will look at the
09:34:08 13 salary survey at a different time of year because we --
09:34:11 14 we believe the market might be changing, and so we'll
09:34:16 15 look and see that the salary ranges have moved, and we
09:34:20 16 may make adjustments to, you know, a particular position
09:34:23 17 or group of positions in terms of the salary range if we
09:34:26 18 think the data has changed, or we see that the data has
09:34:32 19 changed.

09:34:34 20 Q. And how -- how often has that happened during
09:34:36 21 the time you've been at Pixar?

09:34:40 22 A. Not often. I don't recall specifically, but
09:34:41 23 not very often.

09:34:52 24 Q. When you are conducting the annual review of
09:34:55 25 salary ranges, do you consider turnover rate or employee

09:43:49 1 A. Usually a combination of me and Jim Morris, our
09:43:53 2 general manager, and our VP of finance.

09:43:59 3 Q. Is that something that happens a few times a
09:44:02 4 year? Once a year? Every few years?

09:44:04 5 A. It probably happens a dozen times a year,
09:44:09 6 perhaps.

09:44:14 7 Q. What are some of the things that might cause an
09:44:16 8 employee to be paid a performance based -- a bonus-based
09:44:20 9 on their individual performance?

09:44:22 10 A. If someone performs a job that is higher than
09:44:26 11 theirs, for example, if a coordinator ends up stepping
09:44:30 12 into the role of a leader of a group, because the leader
09:44:33 13 is absent on a leave or something, we don't promote them
09:44:38 14 because it's a temporary situation, but we might give
09:44:42 15 them a bonus at the end of the period that they were
09:44:46 16 stepping into that role to thank them and recognize their
09:44:49 17 work.

09:44:50 18 Q. Are those kinds of bonuses only paid to
09:44:53 19 salaried employees, or are they also sometimes paid to
09:45:00 20 hourly employees?

09:45:01 21 A. They are paid to hourly as well, any employee
09:45:04 22 we may want to.

09:45:05 23 Q. Does Pixar ever give its employees raises?

09:45:08 24 A. Yes.

09:45:09 25 Q. How is the decision made to give an employee a

09:45:12 1 raise?

09:45:13 2 A. We have an annual program where raises are
09:45:16 3 given to all eligible employees.

09:45:19 4 Q. Is that the same thing as the review of base
09:45:23 5 salary ranges, or is it something different?

09:45:26 6 A. It's something different.

09:45:28 7 Q. Okay. So how does that process work?

09:45:31 8 A. Well, once a year a pool is established. We
09:45:34 9 determine what our salary percentage increase will be for
09:45:37 10 the studio. And each manager is given a pool of money
09:45:44 11 and guidelines to distribute that pool to their employees
09:45:49 12 for their annual increases.

09:45:51 13 Q. And those increases are distributed on an
09:45:53 14 employee-by-employee basis by the managers?

09:45:56 15 A. They are.

09:45:58 16 Q. How is the total salary increase pool
09:46:02 17 determined?

09:46:05 18 A. We look at what we can afford, and we also look
09:46:11 19 at the salary survey data on what increases are trending,
09:46:18 20 have been trending to be. We also look at the cost of
09:46:22 21 labor or living in the Bay Area.

09:46:28 22 Q. So why have two processes? Why -- why is it
09:46:40 23 that Pixar both adjusts base salary ranges and also has a
09:46:45 24 process by which it gives raises to individual employees?

09:46:49 25 A. Well, the salary range adjustments is something

09:46:51 1 that's done by human resources so that we have ranges for
09:46:55 2 all of our established positions. And then the managers
09:46:59 3 are provided any updated salary range information so that
09:47:03 4 when they are distributing their salary increase pool,
09:47:06 5 they know if someone is below -- you know, they know
09:47:11 6 where their people are in those salary ranges and can
09:47:14 7 provide, you know -- can spend their pool accordingly.

09:47:21 8 Q. So is the -- are the salary range -- are the
09:47:23 9 salary ranges determined first and then the pool is
09:47:27 10 distributed, so to speak?

09:47:29 11 A. Yes.

09:47:33 12 Q. Who has the final decision about the size of
09:47:38 13 the salary increase pool?

09:47:42 14 A. I do, and -- with Jim Morris, our general
09:47:47 15 manager, and our VP of finance.

09:47:49 16 Q. So the three of you make the decision together?

09:47:52 17 A. Yes. Ed Catmull is also part of the
09:47:55 18 conversation, but, generally, the three of us make the
09:47:58 19 determination.

09:48:04 20 Q. Okay. Does Pixar ever provide or pay bonuses
09:48:11 21 or profit sharing that's based on the overall performance
09:48:14 22 of the company?

09:48:15 23 A. We pay bonuses to our employees, yes.

09:48:18 24 Q. So how does -- what kind of bonuses does Pixar
09:48:22 25 pay to its employees that are different than what we've

09:48:24 1 already talked about?

09:48:25 2 A. We have a film bonus program that after the
09:48:28 3 completion of our film, then we can assess the
09:48:32 4 profitability over time. We have a practice -- I
09:48:36 5 wouldn't say it's a policy, but have a practice of paying
09:48:39 6 bonuses to all employees in the company based on that
09:48:44 7 profitability.

09:48:45 8 Q. And how are those bonuses for profitability
09:48:50 9 determined for individual employees?

09:48:53 10 A. Well, all individuals receive the same number
09:48:58 11 of weeks of pay. So we determine, based on
09:49:01 12 profitability, how many weeks of pay we will pay to
09:49:04 13 everyone, and then the employees will receive that same
09:49:09 14 number, with an exception for those who have joined the
09:49:12 15 company more recently, they get a pro rata amount.

09:49:15 16 Q. So essentially you get -- you get -- every
09:49:20 17 employee gets the same fixed percentage of their annual
09:49:22 18 salary as a bonus?

09:49:24 19 A. Correct.

09:49:24 20 Q. Prorated based on how long they have been there
09:49:26 21 that year.

09:49:27 22 A. Yes. Everybody gets a -- a -- you know, a
09:49:30 23 percentage of their salary.

09:49:32 24 Q. Right.

09:49:32 25 A. And then if -- but if they are a newer

10:23:19 1 Q. Okay. Can you give me some examples of when
10:23:22 2 that has happened in the past?

10:23:27 3 A. There was a time I remember a recruiter
10:23:31 4 directly soliciting our employees, and she had worked at
10:23:34 5 Pixar, and so she knew who she wanted to call. I
10:23:40 6 remember that happening.

10:23:42 7 Q. What was her name?

10:23:43 8 A. I think it was [REDACTED]

10:23:47 9 Q. Is that the only time you can recall?

10:23:54 10 A. That's the only time I remember, yeah.

10:23:59 11 Q. Are there any particular kinds of employees
10:24:03 12 that Pixar is particularly concerned about losing? Are
10:24:08 13 there some employees that are harder to replace than
10:24:11 14 others, another way to put it?

10:24:14 15 A. There are employees who are harder to replace
10:24:16 16 than others, but I wouldn't say there are any specific
10:24:19 17 kinds of employees we don't want to lose. We don't want
10:24:22 18 to lose any valuable employee.

10:24:25 19 Q. Okay. So I'd like to ask you some questions
10:24:30 20 now about information about salaries. You mentioned a
10:24:37 21 few times salary surveys --

10:24:43 22 A. Uh-huh.

10:24:43 23 Q. -- that Pixar participates in. Can you tell us
10:24:47 24 more about those, please?

10:24:48 25 A. Sure. There are two surveys that we generally

10:24:50 1 participate in. The Croner Company sponsors or runs one
10:24:56 2 of them, and Radford Associates handles the other.

10:25:02 3 Q. How long has Pixar been participating in the
10:25:06 4 Croner Survey?

10:25:07 5 A. Since I've been there.

10:25:08 6 Q. What about Radford?

10:25:10 7 A. Since I've been there as well, perhaps before,
10:25:13 8 but I don't know for sure.

10:25:14 9 Q. So let's start with the Croner Survey. What is
10:25:16 10 the Croner Survey?

10:25:17 11 A. The Croner Survey is an industry specific
10:25:19 12 survey that surveys positions in the animation and visual
10:25:23 13 effects industry.

10:25:25 14 Q. How many companies does it survey?

10:25:29 15 A. It varies, I believe, from year to year, but
10:25:32 16 somewhere, 20 to 30, I think.

10:25:35 17 Q. How does that survey process work?

10:25:39 18 A. Well, the -- the Croner Company sponsors a
10:25:43 19 meeting where the participating companies come and
10:25:46 20 determine what positions we will put in the survey. I
10:25:50 21 haven't attended this meeting in a number of years, but I
10:25:53 22 used to. I believe it still happens the same way.

10:25:56 23 And the -- it's discussed what positions are
10:26:00 24 going to be included, because we need to make sure that
10:26:03 25 there are enough matches, that enough companies would

10:26:06 1 have that position in order to be able to report out on
10:26:08 2 the data.

10:26:09 3 And then the Croner Company compiles the survey
10:26:13 4 and sends it to all the companies who participate. And
10:26:17 5 in Pixar's case, we compile our data on what we pay those
10:26:21 6 positions, and submit it to Croner, and then Croner
10:26:25 7 compiles the information from all of the companies, and
10:26:28 8 if it's, you know, statistically significant, and
10:26:34 9 confidentiality can be maintained, they include
10:26:36 10 information on the position or the positions and send us,
10:26:40 11 all of the participants, back the survey results.

10:26:44 12 Q. Is there a minimum number of companies that
10:26:48 13 have to be included in any aggregate data that is
10:26:53 14 provided by Croner?

10:26:54 15 A. Yes.

10:26:54 16 Q. What is that minimum number?

10:26:56 17 A. I think it's five.

10:26:57 18 Q. Why -- has anybody ever explained to you why
10:26:59 19 there is a minimum number?

10:27:02 20 A. In order to maintain confidentiality and keep
10:27:04 21 the statistical significance, I believe.

10:27:14 22 Q. Why is it important to maintain
10:27:16 23 confidentiality?

10:27:20 24 A. Because compensation is a confidential matter,
10:27:23 25 and you wouldn't -- I wouldn't want what our employees

10:27:27 1 make being shared outside of our studio or with the
10:27:31 2 wrong -- you know, with anyone but the employees or the
10:27:34 3 management.

10:27:35 4 Q. Why -- why is five a better number than four?

10:27:38 5 A. I don't know.

10:27:41 6 Q. Did anybody ever tell you that one reason for
10:27:44 7 having a minimum number of companies included in the
10:27:47 8 aggregate data would be to avoid non-compliance with the
10:27:53 9 antitrust laws?

10:27:54 10 MS. HENN: I'll just object here for a minute
10:27:56 11 that if this question is calling for privileged
10:27:58 12 information, you should not -- you should so indicate and
10:28:01 13 not provide that information. If what he is asking you
10:28:03 14 has to do with something you were told by a lawyer --

10:28:05 15 THE WITNESS: Yeah.

10:28:05 16 MS. HENN: -- you shouldn't say.

10:28:07 17 THE WITNESS: Yeah, I -- I won't answer that
10:28:08 18 question.

10:28:08 19 BY MR. GLACKIN:

10:28:09 20 Q. Okay. So the answer is somebody -- you -- the
10:28:12 21 answer is you can't answer that question because it would
10:28:14 22 require you to divulge privileged information?

10:28:16 23 A. Because I might have -- yes. Yes.

10:28:18 24 Q. Okay. Just to be clear, that would be
10:28:21 25 information that you received -- or information contained

12:54:01 1 reciprocal, right?

12:54:04 2 A. I don't know for sure. I -- you know, I -- I
12:54:08 3 don't know.

12:54:09 4 Q. Well, didn't you have -- you had no expectation
12:54:13 5 at all about how Lucasfilm -- about whether or not
12:54:17 6 Lucasfilm would behave in a reciprocal fashion?

12:54:20 7 A. I -- I thought they would behave in the same
12:54:22 8 fashion, but I don't know for sure if they did or not.

12:54:25 9 Q. You're saying you don't know if they actually
12:54:27 10 abided by the agreement, but you thought you had an
12:54:29 11 agreement with them to that effect, to that reciprocal
12:54:33 12 effect, correct?

12:54:34 13 A. I thought we had an understanding of -- of the
12:54:37 14 gentleman's agreement, and so, yes, I thought they
12:54:39 15 followed it, but I don't know if they did or not.

12:54:42 16 Q. Okay. Now, how was -- were you the person who
12:54:49 17 reached this agreement with some counterpart at
12:54:53 18 Lucasfilm, or did someone else at Pixar do it and tell
12:54:56 19 you about it?

12:54:57 20 A. I was not the person who reached this
12:55:00 21 agreement, and -- and I don't know who did.

12:55:03 22 Q. Well, how did you first come to learn, then,
12:55:06 23 that there was such an agreement?

12:55:09 24 A. I don't remember how I learned of the
12:55:11 25 understanding.

12:55:14 1 Q. When did you learn of the understanding?

12:55:17 2 A. During my time at Lucasfilm.

12:55:20 3 Q. So when would that have been, again?

12:55:23 4 A. Well, I was at Lucasfilm from 1984 through

12:55:26 5 1998, and that understanding was in place at that time.

12:55:32 6 Q. Can you tell me approximately when? I mean

12:55:34 7 going all the way -- there was no Pixar in 1984, was

12:55:37 8 there?

12:55:38 9 A. Correct. That was our computer division.

12:55:40 10 Q. Right. So refresh my memory. When did Pixar

12:55:43 11 become its own independent company?

12:55:45 12 A. Pixar was sold in February of 1986.

12:55:49 13 Q. Okay. So did the agreement -- how soon after

12:55:54 14 that sale did this agreement come into being?

12:55:58 15 A. I -- it was a -- I don't remember when the

12:56:00 16 understanding or gentleman's agreement came to be.

12:56:03 17 Q. You just came -- you just became aware of it at

12:56:06 18 some point during your 14 years at Lucasfilm?

12:56:10 19 A. Correct.

12:56:11 20 Q. Can you remember who told you about it?

12:56:13 21 A. I don't.

12:56:16 22 Q. When you were at Lucasfilm, were you the

12:56:20 23 director of HR or was there somebody over you in an HR

12:56:23 24 capacity?

12:56:25 25 A. Both. It varied in my time there.

12:56:28 1 Q. Okay. By the time you left, were you the
12:56:29 2 director of HR?

12:56:30 3 A. I was the director of HR for one of the Lucas
12:56:33 4 entities. There were multiple Lucas entities.

12:56:36 5 Q. Which Lucas entity?

12:56:38 6 A. Lucas Digital.

12:56:39 7 Q. What is the business of Lucas Digital?

12:56:42 8 A. At that time -- I'm not sure what it is today,
12:56:45 9 but at that time it was Industrial Light and Magic, the
12:56:50 10 visual effects business, and Skywalker Sound, the sound
12:56:54 11 business.

12:56:55 12 Q. When you became the director of HR for Lucas
12:56:57 13 Digital, to whom did you report?

12:57:02 14 A. I had a mult- -- multiple bosses in my time in
12:57:06 15 that role.

12:57:07 16 Q. Was there a -- was it a particular position
12:57:09 17 that you reported to? Did you report to the president?
12:57:11 18 Did you report to the chairman?

12:57:13 19 A. I --

12:57:14 20 Q. The CEO?

12:57:15 21 A. I don't remember the -- yeah, I don't remember
12:57:16 22 the positions, but it was usually the -- the general
12:57:21 23 manager or the person who was in charge of the operation.

12:57:32 24 Q. Did you -- while you were at Lucasfilm, did you
12:57:35 25 ever talk to anybody at Pixar about this agreement or

13:00:32 1 more senior executives of Lucasfilm?

13:00:36 2 A. Not that I remember.

13:00:37 3 Q. Did you ever talk about it with George Lucas?

13:00:39 4 A. No.

13:00:57 5 Q. Who was the name of the person you talked
13:00:59 6 about -- I'll -- let me rephrase it differently.

13:01:03 7 Who -- what is the name of the person you spoke
13:01:05 8 with about this agreement, who was the head of the
13:01:08 9 computer graphics division?

13:01:09 10 A. That was Gail Curry.

13:01:12 11 Q. And she was the -- what exactly was her
13:01:14 12 position?

13:01:15 13 A. I don't remember specifically what her position
13:01:18 14 was, but she oversaw the computer graphics division of
13:01:21 15 ILM.

13:01:22 16 Q. Okay. Did this come up in the context of
13:01:28 17 somebody actually wanting to hire somebody from Pixar or
13:01:32 18 somebody -- or Pixar hiring somebody from Lucasfilm?

13:01:36 19 A. I -- I think so. Yeah. I think it -- think it
13:01:41 20 came up with someone on her team. And that's when we
13:01:47 21 discussed it.

13:01:55 22 Q. Did you ever become aware either at
13:01:59 23 Lucasfilm -- while you were at Lucasfilm or while you
13:02:02 24 were at Pixar that this agreement was known to the most
13:02:09 25 senior executives of both companies?

13:02:13 1 MS. HENN: Sorry. Could you read back that
13:02:24 2 question?

13:02:25 3 (Record was read as follows: "Did you ever
13:02:25 4 become aware either at Lucasfilm -- while you were at
13:02:25 5 Lucasfilm or while you were at Pixar that this agreement
13:02:25 6 was known to the most senior executives of both
13:02:25 7 companies?")

13:02:26 8 THE WITNESS: No.

13:02:28 9 BY MR. GLACKIN:

13:02:36 10 Q. Did anyone at Pixar ever tell you the reason
13:02:38 11 that this agreement was reached?

13:02:42 12 A. Not that I remember.

13:02:46 13 Q. So you don't know why the agreement was
13:02:47 14 reached.

13:02:50 15 A. It had always been there, so I don't remember
13:02:53 16 anyone telling me why it was there for so long.

13:02:58 17 Q. Did you ever discuss this agreement with Sharon
13:03:01 18 Coker while you -- to be clear, while you were at Pixar
13:03:07 19 and Sharon Coker was at Lucasfilm, did you ever discuss
13:03:12 20 this agreement with her?

13:03:13 21 A. I don't remember specifically, but I may have.

13:03:17 22 Q. Did this ever -- did this agreement ever come
13:03:21 23 into effect? Did you ever have to have a conversation
13:03:23 24 with Lucasfilm about enforcing it?

13:03:27 25 A. I don't remember having a conversation with

13:03:29 1 Lucasfilm to enforce the gentleman's agreement. I did
13:03:35 2 make calls to Lucasfilm occasionally to tell them that we
13:03:38 3 had made an offer to someone, yes.

13:03:40 4 Q. Okay. About how many times did that happen?

13:03:43 5 A. Not frequently. A few times a year, maybe. I
13:03:51 6 couldn't say.

13:03:57 7 Q. Was this agreement -- did you ever tell anyone
13:04:02 8 else in -- at Pixar about the existence of this
13:04:05 9 agreement?

13:04:08 10 A. I would have explained to the recruiters what
13:04:11 11 our gentleman's agreement and understanding was with
13:04:14 12 Lucasfilm, yes.

13:04:17 13 Q. Did Pixar ever announce the existence of this
13:04:19 14 agreement to its employees?

13:04:22 15 A. To the employees as a whole?

13:04:24 16 Q. Correct.

13:04:27 17 A. Not that I remember.

13:04:31 18 Q. Did you ever tell any -- can you tell me about
13:04:33 19 any occasion in which you explained this agreement to
13:04:36 20 some employee of Pixar who was not a recruiter or in HR?

13:04:44 21 A. I don't remember specifically discussing it
13:04:46 22 with an employee, but if an employee had come to me and
13:04:50 23 said they were interested in a job at Lucasfilm, I would
13:04:53 24 have explained to them that eventually we would get a
13:04:57 25 call to know they were made an offer.

13:05:03 1 Q. Do you think that this kind of agreement -- or
13:05:07 2 would you agree that this kind of agreement would
13:05:09 3 actually tend to discourage people from even making job
13:05:12 4 applications?

13:05:13 5 A. No.

13:05:13 6 Q. No?

13:05:14 7 A. I don't agree with that.

13:05:17 8 Q. Okay. Well, I mean, couldn't this agreement
13:05:19 9 kind of put a candidate in an awkward spot?

13:05:26 10 Do we need to stop?

13:05:27 11 A. What do you mean by that?

13:05:32 12 Q. Well, wouldn't it put the candidate in the
13:05:35 13 position of having to tell their current employer that
13:05:37 14 they were seeking employment elsewhere before they had
13:05:41 15 actually reached a formal agreement of employment with
13:05:44 16 their new employer?

13:05:46 17 A. They didn't have to tell us before they -- they
13:05:49 18 didn't have to tell us ever. So, no, I don't -- I don't
13:05:52 19 think so. They -- we would know about it when they were
13:05:55 20 made an offer.

13:05:56 21 Q. Because Lucasfilm would tell you.

13:05:58 22 A. Correct.

13:06:02 23 Q. If a Lucasfilm employee submitted an
13:06:05 24 application to you for a job at Pixar, did you tell them
13:06:09 25 about the agreement?

13:06:12 1 A. Yes, I did.

13:06:16 2 Q. At what point did you tell them about it?

13:06:18 3 A. At the -- the recruiters would do it, not me,
13:06:21 4 unless it was a job I was filling, but would tell them
13:06:24 5 initially, in the initial conversation, that we had an
13:06:27 6 understanding with Lucasfilm.

13:06:43 7 MR. GLACKIN: Can I have Tab 5, please. This
13:06:52 8 will be Exhibit 127.

13:06:53 9 (Exhibit 127 was marked for identification.)

13:07:36 10 THE WITNESS: Okay.

13:07:37 11 BY MR. GLACKIN:

13:07:37 12 Q. Do you agree with me that this is an email that
13:07:39 13 you sent on or around February 9th, 2005, in the ordinary
13:07:43 14 course of your business as a Lucas -- excuse me, as a
13:07:44 15 Pixar employee?

13:07:46 16 A. Yes. I don't remember it, but based on this, I
13:07:48 17 believe I did send it.

13:07:49 18 Q. Okay. So can you give me any background for
13:07:55 19 this? Were there any particular events that gave rise to
13:07:58 20 you making the requests that are outlined in this email?

13:08:01 21 A. I don't remember this situation from this. I
13:08:06 22 think it was that we had hired [REDACTED], and that's
13:08:09 23 why the question came up.

13:08:11 24 Q. So when you say "the question came up," you
13:08:16 25 mean, like, somebody at Lucasfilm complained to Pixar

13:08:19 1 about the fact that Pixar hired [REDACTED]?

13:08:23 2 A. I think Ed asked me for -- for some information
13:08:26 3 on Lucasfilm hires.

13:08:28 4 Q. And what did Ed tell you about why he needed
13:08:30 5 this information?

13:08:31 6 A. I don't remember the conversation with Ed.

13:08:34 7 Q. Well, it says, "Ed and" -- your email says, "Ed
13:08:37 8 and Simon need to talk with Mich Chau."

13:08:41 9 A. Uh-huh.

13:08:42 10 Q. Is that the -- is he the Lucasfilm president?

13:08:45 11 A. She --

13:08:46 12 Q. She.

13:08:46 13 A. -- was at the time, or is, I think, yes.

13:08:48 14 Q. And "Ed" would be Ed Catmull. That would be
13:08:51 15 the president of Pixar, correct?

13:08:53 16 A. Uh-huh.

13:08:53 17 Q. And "Simon" would be --

13:08:55 18 A. He was our chief financial officer.

13:08:57 19 Q. "And possibly George." So what George are we
13:09:00 20 talking about there?

13:09:01 21 A. I assume George Lucas I was referring to.

13:09:04 22 Q. About this. "They got really mad that we've
13:09:07 23 hired [REDACTED]. I want to give Ed some info."

13:09:11 24 So you don't -- do you remember anything about
13:09:13 25 why hiring [REDACTED] made them really mad?

13:09:17 1 A. I don't remember.

13:09:18 2 Q. What position was [REDACTED] hired for?

13:09:21 3 A. He was hired by us as an associate general

13:09:25 4 counsel.

13:09:27 5 Q. And were you involved in the process of hiring

13:09:32 6 [REDACTED]?

13:09:34 7 A. At the end, yes.

13:09:36 8 Q. When you say "at the end," what do you mean?

13:09:38 9 A. I helped his -- schedule his interviews and

13:09:43 10 prepare his offer letter.

13:09:45 11 Q. After the offer was made, did Pixar communicate

13:09:50 12 to Lucasfilm that the offer had been made pursuant to the

13:09:53 13 agreement that Pixar had with Lucasfilm?

13:09:57 14 A. I don't know. I didn't do it. So I don't

13:09:59 15 know.

13:10:02 16 Q. Do you know if Lucasfilm made a counter-offer

13:10:05 17 to [REDACTED]?

13:10:06 18 A. I don't know.

13:10:09 19 Q. Does [REDACTED] still work at Pixar?

13:10:12 20 A. He does.

13:10:14 21 Q. Did you ever hear anything further from

13:10:16 22 Mr. Catmull about his conversation with Mich Chau and

13:10:22 23 possibly George Lucas about this issue?

13:10:24 24 A. No, not that I remember.

13:10:28 25 Q. Do you remember, was this a big deal?

13:10:33 1 A. What do you mean by "big deal"?

13:10:39 2 Q. Well, I just -- I noticed that these are the
13:10:40 3 presidents of these two fairly substantial companies.

13:10:44 4 They are getting together to discuss this. It seems to
13:10:46 5 me like it was a matter of some importance to these
13:10:49 6 companies, and I'm curious if you share that opinion.

13:10:51 7 A. I don't know that they got together to discuss
13:10:53 8 it. I -- I only know I wanted to provide Ed some
13:10:55 9 information in the event he needed it or wanted it.

13:10:57 10 Q. What was the purpose, if any, for him to have
13:11:00 11 this information to use in that conversation? What good
13:11:02 12 was this information to him?

13:11:03 13 A. I just -- I don't know how he might have used
13:11:06 14 it. I just wanted him to have the information on
13:11:09 15 Lucasfilm employees or candidates with Pixar.

13:11:12 16 Q. Did he ask you for this specific information or
13:11:15 17 was it your idea to give it to him?

13:11:17 18 A. I don't remember specifically.

13:11:24 19 Q. Why would it be relevant for him to know, for
13:11:27 20 example, "how many of our new hires over the past six
13:11:30 21 months have been former Lucas/ILM employees"?

13:11:37 22 A. I think I wanted to just give him context on
13:11:39 23 how many people had come from Lucasfilm recently.

13:11:43 24 Q. So he could give them some assurance that Pixar
13:11:47 25 was living up to its agreement?

13:11:49 1 A. I don't know that.

13:11:58 2 MR. GLACKIN: All right. Can we have Tab 34,
13:12:05 3 please. This is going to be Exhibit 128.

13:12:13 4 (Exhibit 128 was marked for identification.)

13:12:13 5 BY MR. GLACKIN:

13:15:22 6 Q. Are you waiting for a question from me, or do
13:15:24 7 you need more time --

13:15:25 8 A. No, I'm sorry. I'm still reading it. I'm
13:15:28 9 trying to put myself back in this time.

13:15:31 10 MS. HENN: Take your time.

13:16:28 11 BY MR. GLACKIN:

13:16:28 12 Q. Well, let's start out here, do you see your --
13:16:31 13 at the very top of page 1, do you see your email address
13:16:34 14 as the recipient of this last email?

13:16:36 15 A. Yes.

13:16:36 16 Q. It was sent by Mary Conlin. Who is Mary
13:16:39 17 Conlin?

13:16:40 18 A. Mary Conlin was the head of our marketing
13:16:43 19 department at Pixar.

13:16:44 20 Q. And so do you agree with me that you received
13:16:46 21 this email from Ms. Conlin in the ordinary course of your
13:16:49 22 business on or around March 10th, 2005?

13:16:52 23 A. I don't remember it, but, yes, I think I must
13:16:54 24 have.

13:16:54 25 Q. Okay. So if I could direct you down to the --

13:16:59 1 well, let me back up.

13:17:01 2 Can you tell us anything about the events that
13:17:03 3 led up to this exchange of emails between yourself and
13:17:05 4 other employees of Pixar?

13:17:07 5 A. No, I don't remember this situation.

13:17:09 6 Q. So this is about two months after the last
13:17:12 7 email we looked at -- or excuse me -- about a month after
13:17:15 8 the last email we looked at which concerned [REDACTED]
13:17:19 9 right?

13:17:20 10 A. Okay. Uh-huh. Okay.

13:17:23 11 Q. And if you look down at the bottom of the first
13:17:25 12 page you see it says, "When I last spoke to Ed about the
13:17:28 13 conversation with George (which was a week or so ago when
13:17:31 14 we discussed the two Lucas hires we just made - Tanaka &
13:17:36 15 Rankin) he said that he & Steve are still thinking about
13:17:39 16 a way to approach George on this subject."

13:17:41 17 Can you tell me anything about what you meant
13:17:43 18 when you wrote that, or what you were referring to about,
13:17:48 19 for example, "this subject"?

13:17:53 20 A. I don't remember specifically. From this it
13:17:58 21 seems as though Ed was thinking about talking to George
13:18:01 22 about Lucasfilm employees leaving to come to Pixar.

13:18:08 23 Q. And do you remember the hiring of Tanaka and
13:18:12 24 Rankin?

13:18:13 25 A. I remember those individuals, but I don't

13:25:10 1 Q. And I believe you said she had joined the
13:25:12 2 company sometime in 2007, replacing Ms. Coker?

13:25:16 3 A. I don't know when she joined, but she replaced
13:25:19 4 Sharon Coker.

13:25:20 5 Q. Okay. So directing your attention to the
13:25:23 6 second page which says, "Lucasfilm candidate process," it
13:25:27 7 says, "Our gentleman's agreement with the Lucas companies
13:25:29 8 has been as follows." Did you create this page?

13:25:32 9 A. I did.

13:25:33 10 Q. PIX00002263?

13:25:35 11 A. I did.

13:25:36 12 Q. When did you create this?

13:25:39 13 A. I don't remember specifically.

13:25:41 14 Q. Okay. Why did you create it?

13:25:48 15 A. I think I created it to give to the recruiting
13:25:54 16 team so they would know what the gentleman's agreement
13:25:56 17 was.

13:25:57 18 Q. Where did you obtain this information about the
13:26:00 19 terms of the gentleman's agreement? Did you get it from
13:26:02 20 Mr. Catmull?

13:26:04 21 A. I don't remember getting it from Ed. I don't
13:26:06 22 remember where I got it. I could have gotten it from one
13:26:08 23 of the recruiters who was there before I got there, who
13:26:11 24 told me what the practice was.

13:26:13 25 Q. I see. And, to your knowledge, does this

13:26:16 1 accurately summarize the terms of that gentleman's
13:26:18 2 agreement?

13:26:19 3 A. I think so.

13:26:21 4 MR. GLACKIN: Okay. I'm going to show you now
13:26:27 5 40. You can put that aside. There should be an
13:26:28 6 attachment with it. We'll skip this. We have an
13:26:55 7 attachment issue. We'll skip that one.

13:26:58 8 MS. HENN: If there is something you need to
13:26:59 9 print, perhaps I can --

13:27:02 10 MR. GLACKIN: Maybe at a break. That would be
13:27:03 11 great. Thanks, Emily.

13:27:26 12 26? This will now be Exhibit 130.

13:27:32 13 (Exhibit 130 was marked for identification.)

13:28:43 14 THE WITNESS: Okay.

13:28:45 15 BY MR. GLACKIN:

13:28:46 16 Q. So, first of all, is this an email at the top
13:28:48 17 that you sent to Ms. Fisher and some other recipients on
13:28:51 18 or around December 11th of 2007?

13:28:54 19 A. I don't remember it, but, yes, I think I would
13:28:57 20 have sent it.

13:28:58 21 Q. And you sent it in the ordinary course of your
13:29:00 22 business as a Pixar employee?

13:29:01 23 A. Yes.

13:29:03 24 Q. Did you write there -- you see where you wrote
13:29:06 25 there in the very -- the very top, "FYI, We have an

13:22:06 1 A. I don't remember specifically, but I -- but I
13:22:08 2 may have. But I don't remember discussing it with him.

13:22:13 3 Q. Did you ever talk with any other executives
13:22:14 4 at -- other than the recruiting and HR personnel who had
13:22:18 5 to know about it, did you talk to any other executives at
13:22:21 6 Pixar about the existence of this agreement?

13:22:23 7 A. I don't remember discussing it with any of the
13:22:25 8 other executives. I remember the one conversation with
13:22:28 9 Lois and Ed, but I don't remember discussing it with
13:22:30 10 anyone else.

13:22:32 11 MR. GLACKIN: Can I have Tab 27, please.

13:22:34 12 No. 27. This will be Exhibit 129.

13:24:05 13 (Exhibit 129 was marked for identification.)

13:24:06 14 MR. GLACKIN: For the record this is an email
13:24:08 15 dated December 11, 2007, Bates number PIX00002262.

13:24:52 16 THE WITNESS: Okay.

13:24:52 17 BY MR. GLACKIN:

13:24:52 18 Q. So first off, would you agree with me that this
13:24:54 19 is an email that you sent on or around December 11, 2007,
13:24:58 20 to Ms. Van der Voort at Lucasfilm?

13:25:01 21 A. Yes.

13:25:02 22 Q. And Ms. Van der Voort was the director of HR at
13:25:05 23 Lucasfilm?

13:25:06 24 A. I believe so. I don't know what her title was,
13:25:08 25 but, yes, she was the head of HR.

13:30:11 1 that you would not engage in iterative bidding with one
13:30:15 2 another for the services of an employee? You'd stop it?

13:30:21 3 A. Part of our gentleman's agreement was that we
13:30:23 4 didn't counter, as a normal course of practice, that's
13:30:27 5 correct.

13:30:27 6 Q. That would --

13:30:27 7 A. I can't speak to whether that, you know,
13:30:30 8 prevents bidding wars or not.

13:30:32 9 Q. Well, if the two employees were countering back
13:30:35 10 and forth, making better and better offers to the
13:30:37 11 employee, that would be a bidding war, wouldn't it?

13:30:40 12 A. It depends on how you define "bidding war." If
13:30:43 13 it would go back and forth -- you know, it just never
13:30:45 14 happened, so I don't know.

13:30:47 15 Q. Well, how do you define "bidding war"?

13:30:49 16 A. Well, I generally don't think about bidding
13:30:52 17 wars or -- or the definition of bidding wars.

13:30:56 18 Q. What did you mean when you wrote "bidding wars"
13:30:58 19 in this email?

13:30:59 20 A. I -- I don't know, actually. I don't -- I'm
13:31:02 21 surprised to see that, frankly. It was not my -- it was
13:31:09 22 not my belief or is not my belief that the gentleman's
13:31:11 23 agreement was there to prevent bidding wars.

13:31:16 24 Q. Did someone else at Pixar use that terminology
13:31:18 25 around you that caused you to put it into this email?

13:31:21 1 A. Not that I remember.

13:31:29 2 Q. Well, if the purpose of the agreement wasn't to
13:31:31 3 prevent bidding wars, what was the purpose of the
13:31:34 4 agreement?

13:31:36 5 A. I don't know specifically, but I -- I think
13:31:39 6 that, you know, Lucasfilm gave birth to Pixar, and we
13:31:44 7 were on friendly terms with them, and we shared a campus
13:31:47 8 for a time with them, and I think we were just, you know,
13:31:52 9 not competing with them in that way.

13:32:07 10 MR. GLACKIN: Okay. We can move on.

13:32:15 11 32, please.

13:32:40 12 THE REPORTER: This is Exhibit 131.

13:32:43 13 MR. GLACKIN: 131, right.

13:32:44 14 (Exhibit 131 was marked for identification.)

13:32:59 15 THE WITNESS: Okay.

13:33:00 16 BY MR. GLACKIN:

13:33:01 17 Q. Is this an email that you received from Sharon
13:33:03 18 Coker at Lucasfilm on or around July 28th of 2005?

13:33:08 19 A. I don't remember receiving it, but based on
13:33:11 20 this, I assume I did.

13:33:13 21 MR. GLACKIN: Okay. And for the record, this
13:33:14 22 is Bates numbered PIX00009416.

13:33:21 23 Q. Is this an example of the kind of notification
13:33:23 24 that would have been made or that was made about employee
13:33:29 25 applications pursuant to your gentleman's agreement with

13:33:31 1 Lucasfilm?

13:33:32 2 A. No. This isn't normally what would have
13:33:36 3 happened.

13:33:37 4 Q. Okay. Well, can you tell us anything about the
13:33:39 5 circumstances that gave rise to this email?

13:33:41 6 A. No, I'm sorry, I don't remember this situation.

13:33:44 7 Q. Okay. You don't remember the offer being
13:33:46 8 extended to [REDACTED]?

13:33:48 9 A. I do not.

13:33:50 10 Q. Well, and do you see here Ms. Coker writes,
13:33:52 11 "And can I also confirm your understanding that once you
13:33:55 12 have extended an offer, you will not counter? Thanks."

13:33:58 13 That was the agreement with Lucasfilm, right,
13:34:02 14 that if you -- you would not counter their counter. You
13:34:05 15 were going to make one offer only to [REDACTED],
13:34:08 16 correct?

13:34:08 17 A. I don't know if I would have spoken to Sharon
13:34:12 18 to say that was part of the agreement, but I may have
13:34:15 19 said, our practice is not -- is to make a good offer
13:34:19 20 upfront and -- and to not change it.

13:34:21 21 Q. Well --

13:34:24 22 A. So I don't know that I said this to her in the
13:34:25 23 context of the agreement.

13:34:27 24 Q. I understand there is nothing in here about you
13:34:28 25 saying anything to her at all. This is an email from her

13:34:31 1 to you. What I'm asking you is, at the time, in 2005,
13:34:35 2 was that, in fact, your understanding, that once Pixar
13:34:39 3 made an offer, they would not counter? In other words,
13:34:42 4 they would not make another offer to [REDACTED] if Lucas
13:34:47 5 made some kind of counter-offer.

13:34:49 6 That was the understanding at the time, right?

13:34:51 7 A. We had a practice of not making an additional
13:34:54 8 offer to someone, that's correct.

13:34:55 9 Q. Okay.

13:34:55 10 A. At that time.

13:34:56 11 Q. I'm just not really clear. Was that a part of
13:34:59 12 the understanding or was that just your unilateral
13:35:02 13 practice?

13:35:03 14 A. Both.

13:35:04 15 Q. Okay.

13:35:04 16 A. I think it was a part of the gentleman's
13:35:06 17 agreement, yes.

13:35:08 18 Q. Okay. So was this a typical kind of
13:35:11 19 notification that you would have received from Ms. Coker,
13:35:14 20 or was this unusual?

13:35:15 21 A. This was unusual, because if we made an offer
13:35:17 22 to someone, we would usually make the call, that we had
13:35:21 23 made the offer, and this is her saying she believes
13:35:23 24 someone got an offer, which would not normally be the way
13:35:27 25 it would go.

13:35:28 1 Q. I see. Okay.

13:35:30 2 How often did you talk to Sharon Coker about
13:35:32 3 this gentleman's understanding or gentleman's agreement?

13:35:36 4 A. I don't remember. Not frequently.

13:35:39 5 Q. A few times a year?

13:35:40 6 A. No. I wouldn't think so.

13:35:43 7 Q. Less than that?

13:35:45 8 A. Maybe once, and then there wouldn't be reason
13:35:48 9 to discuss it.

13:35:51 10 MR. GLACKIN: Okay. Could I have 12, please.

13:35:55 11 (Exhibit 132 was marked for identification.)

13:36:12 12 MR. GLACKIN: This will be Exhibit 132.

13:36:40 13 THE WITNESS: Okay.

13:36:42 14 MR. GLACKIN: So first off, this is a document
13:36:44 15 that is Bates numbered PIX00009490.

13:36:49 16 Q. Do you agree with me that this is an email
13:36:51 17 that -- or an email exchange between yourself and Karen
13:36:55 18 Chelini on or around November 16, 2005, that you sent in
13:36:59 19 the ordinary course of your business?

13:37:00 20 A. I don't remember it, but, yes, I think this is
13:37:03 21 something I sent.

13:37:05 22 Q. Can you tell us anything about the background
13:37:06 23 of this email?

13:37:09 24 A. No, I don't remember this situation.

13:37:11 25 Q. You don't remember the hiring or any offer

13:43:18 1 A. I don't really remember a specific candidate,
13:43:21 2 but we were cautious with Apple employees.

13:43:24 3 Q. What if somebody just wanted to make more
13:43:26 4 money, isn't that a legitimate reason to want to go work
13:43:31 5 at a different company?

13:43:32 6 A. Sure, it can be.

13:43:33 7 Q. I mean, are there any other companies that you
13:43:34 8 can think of in the world that are great places to work
13:43:37 9 besides Apple?

13:43:37 10 A. Sure, there must be.

13:43:39 11 Q. I mean Google has a reputation for being a
13:43:42 12 pretty good place --

13:43:42 13 A. Yes.

13:43:42 14 Q. -- to work, right?

13:43:43 15 A. Yeah, of course.

13:43:43 16 Q. Do you have a practice -- does Pixar have a
13:43:45 17 practice of being suspicious or cautious about people who
13:43:48 18 would apply to work at Pixar from Google?

13:43:53 19 A. No, but we don't share a CEO with Google. So
13:43:56 20 I -- I -- we didn't -- I didn't want to anger or
13:43:57 21 frustrate my CEO by hiring -- by -- by hiring or -- or
13:44:04 22 acting on an Apple employee if I didn't think -- because
13:44:09 23 they may not have been a strong one.

13:44:12 24 Q. Isn't it true that you had to get Steve obs'
13:44:14 25 approval to hire somebody from Apple?

13:44:17 1 A. I don't remember that. I -- I didn't. I
13:44:20 2 didn't interact with Steve. So I don't remember needing
13:44:23 3 to get his approval. But it -- it really didn't come up.

13:44:26 4 Q. So what caused you to believe that your CEO
13:44:29 5 would become angry or frustrated if you hired someone
13:44:33 6 from Apple?

13:44:34 7 A. I had just heard stories about Steve's behavior
13:44:38 8 or getting angry about different things, and that that
13:44:41 9 might be something he would be angry about.

13:44:44 10 Q. Who did you hear that from?

13:44:46 11 A. I don't remember specifically.

13:44:51 12 Q. So are you -- were you aware that there was a
13:44:56 13 formal practice in place that an Apple employee could not
13:45:02 14 be hired without clearing the hire through Mr. obs?

13:45:04 15 A. I don't remember a formal practice like that.

13:45:08 16 Q. Okay. Did you ever discuss -- so this was --
13:45:13 17 you just thought that this was going to make Mr. obs
13:45:15 18 upset. That was your --

13:45:18 19 A. That was primarily my motivation, yes.

13:45:22 20 Q. Would anyone else have been upset?

13:45:26 21 A. That we would hire an Apple person?

13:45:28 22 Q. Yes, anybody else at Pixar.

13:45:29 23 Would Mr. Catmull have cared, for example?

13:45:32 24 A. I don't know.

13:45:33 25 Q. Did you ever talk to Mr. Catmull about this

13:45:35 1 belief/practice?

13:45:37 2 A. Not that I remember specifically. I may have,
13:45:39 3 but I don't remember talking to him about it.

13:45:41 4 Q. Did you talk to anybody else at Pixar about it?

13:45:45 5 A. I heard it somewhere, so I -- or, you know -- I
13:45:48 6 heard it somewhere, but I don't remember who I spoke to
13:45:51 7 about it.

13:45:57 8 Q. Did this -- did you ever actually -- are you
13:46:02 9 aware of ever actually having to obtain Mr. obs'
13:46:06 10 approval to hire someone from Apple?

13:46:08 11 A. Not that I remember.

13:46:12 12 Q. Did there come a time when you were no longer
13:46:14 13 concerned about this?

13:46:16 14 A. Yes.

13:46:17 15 Q. When was that?

13:46:19 16 A. Sometime after Steve obs was no longer our
13:46:22 17 CEO.

13:46:30 18 Q. Did -- did this work both ways? Were you --
13:46:35 19 did -- did Apple ever hire Pixar employees?

13:46:39 20 A. I don't remember. But I -- I don't know that
13:46:42 21 it worked both ways. It was -- we just were cautious
13:46:47 22 with Apple employees. I don't know if Apple was similar.

13:46:54 23 Q. Was it -- was this belief/practice limited to
13:46:56 24 any particular categories of Apple employees?

13:47:00 25 A. Not -- no, I don't think so.

13:47:03 1 MR. GLACKIN: Let's do No. 10. Wait. Hold on.

13:47:42 2 Let's do No. 11. What will this be?

13:47:55 3 THE REPORTER: Exhibit 133.

13:47:56 4 (Exhibit 133 was marked for identification.)

13:48:45 5 THE WITNESS: Okay.

13:48:45 6 BY MR. GLACKIN:

13:48:46 7 Q. So your -- this is a document that is Bates

13:48:48 8 numbered PIX00002210. It is an email exchange between

13:48:54 9 Mr. Look and Mr. Catmull. Who is Mr. Look?

13:48:57 10 A. Howard Look was the head of our Studio Tools

13:49:00 11 Group.

13:49:03 12 Q. Mr. Catmull apparently writes to Mr. Look, "If

13:49:06 13 I talk to Steve, he will want the name of the guy. My

13:49:09 14 guess is that Steve will approve it if he knows that he's

13:49:12 15 going to lose him, but we'll have to go through the step

13:49:16 16 of Apple knowing what is happening."

13:49:18 17 Are you aware that there was a practice or

13:49:20 18 understanding that if an Apple employee wanted to work at

13:49:24 19 Pixar, Apple needed to be informed?

13:49:26 20 A. I don't remember that, no.

13:49:28 21 Q. Nobody ever talked to you about that?

13:49:30 22 A. Not that I ever recall.

13:49:32 23 MR. GLACKIN: Okay. You can put that aside.

13:49:42 24 No. 15. Is this Exhibit 134?

13:49:56 25 THE REPORTER: Yes.

14:32:56 1 your subordinates with respect to any companies other
14:32:59 2 than Apple?

14:33:02 3 A. I don't think so.

14:33:06 4 Q. Why Apple, then? Why did you want Pixar to
14:33:12 5 operate this way with respect to Apple and Lucasfilm, but
14:33:15 6 not any other company?

14:33:16 7 A. Because Apple -- Steve Jobs and Apple were a
14:33:20 8 very important part of Pixar, and I felt like we should
14:33:25 9 be respectful that way.

14:33:28 10 Q. Did you discuss this policy or practice of
14:33:32 11 yours with anyone else at Pixar, other than the
14:33:36 12 recruiters to whom you conveyed it?

14:33:39 13 A. Not that I remember.

14:33:39 14 Q. You didn't talk to any of your superiors about
14:33:43 15 it?

14:33:43 16 A. Not that I remember.

14:33:44 17 Q. Did you talk to anybody at Apple about it?

14:33:46 18 A. At Apple?

14:33:47 19 Q. At Apple. Aside from Ms. Lambert. I
14:33:50 20 understand you say you didn't talk to her about it. Di
14:33:52 21 you talk to anybody else about it?

14:33:54 22 A. No, not that I remember.

14:33:55 23 MR. GLACKIN: Okay. Can we have Tab 23,

14:34:10 24 please. So this will be Exhibit 139.

14:34:41 25 (Exhibit 139 was marked for identification.)

14:35:00 1 THE WITNESS: Okay.

14:35:00 2 MR. GLACKIN: For the record, this is a
14:35:01 3 document Bates numbered PI 00004883.

14:35:08 4 BY MR. GLACKIN:

14:35:09 5 Q. This is an email, dated April 30th, 2007.

14:35:13 6 Ms. McAdams, do you agree that this is an email
14:35:15 7 that you sent in the ordinary course of your business on
14:35:18 8 or around April 30th of 2007?

14:35:20 9 A. I don't remember this email, but I have seen it
14:35:23 10 in the course of this case or situation. And, yes, I
14:35:27 11 believe I sent it.

14:35:28 12 Q. That's your email address in the "From" field,
14:35:30 13 right?

14:35:30 14 A. Yes. Uh-huh.

14:35:32 15 Q. And the prime recipient is -- appears to be a
14:35:35 16 distribution list "recruiting divas."

14:35:38 17 A. Uh-huh.

14:35:38 18 Q. Who is that?

14:35:39 19 A. That was my recruiting team.

14:35:43 20 Q. No "divos" on that team?

14:35:47 21 A. It's not called that anymore. I inherited
14:35:49 22 that. I changed it.

14:35:52 23 Q. And then there is a few other people who are
14:35:55 24 copied on it, Ms. Perkins-Youman, Ms. Hemphill,
14:36:00 25 Ms. Sheehy.

14:36:01 1 A. Uh-huh.

14:36:02 2 Q. You already told us who Ms. Sheehy is. Were

14:36:04 3 those other two women also part of your team?

14:36:07 4 A. In HR, correct.

14:36:10 5 Q. You see the subject is "Apple gentleman's

14:36:12 6 agreement," right?

14:36:14 7 A. Uh-huh. Yes.

14:36:14 8 Q. And you wrote that, right?

14:36:15 9 A. I did.

14:36:16 10 Q. And then you say, "Hi, all, I just got off the

14:36:19 11 phone with Danielle Lambert, and we agreed that effective

14:36:22 12 now, we'll follow a gentleman's agreement with Apple that

14:36:24 13 is similar to our Lucasfilm agreement."

14:36:27 14 Now, is this -- does this relate to the

14:36:29 15 conversation you were just testifying about?

14:36:31 16 A. I don't remember that this is tied to that

14:36:35 17 conversation, but it says that.

14:36:36 18 Q. Well, did you talk to Ms. Lambert on or around

14:36:39 19 April 30th of 2007?

14:36:40 20 A. I don't remember when I spoke to her, but I

14:36:43 21 remember speaking to her.

14:36:44 22 Q. Have you -- how many times in your life have

14:36:45 23 you talked to Ms. Lambert?

14:36:47 24 A. Oh, I can count on one hand, probably.

14:36:50 25 Q. Well, you've told us about two.

14:36:51 1 A. Yeah.

14:36:52 2 Q. Are there any other times you've talked to her?

14:36:54 3 A. Not that I remember.

14:36:55 4 Q. So as far as you know, this relates to the

14:36:58 5 conversation you were just testifying about?

14:37:00 6 A. I think so.

14:37:01 7 Q. Okay. So are you now willing to admit that you

14:37:06 8 agreed with Ms. Lambert that effective April 30th of

14:37:10 9 2007, "we'll follow a gentleman's agreement with Apple

14:37:14 10 that is similar to our Lucasfilm agreement"?

14:37:18 11 MS. HENN: Objection. Argumentative.

14:37:19 12 THE WITNESS: I don't remember coming to an

14:37:21 13 agreement of any sort with Danielle Lambert to follow a

14:37:26 14 gentleman's agreement.

14:37:27 15 BY MR. GLACKIN:

14:37:27 16 Q. You don't remember today ever doing that.

14:37:29 17 A. I don't.

14:37:30 18 Q. Do you think you were -- do you agree with me

14:37:33 19 that this is completely inconsistent with your testimony,

14:37:37 20 this email is completely inconsistent with your testimony

14:37:40 21 that there was no such agreement?

14:37:42 22 MS. HENN: Same objection.

14:37:43 23 THE WITNESS: I -- I don't remember that --

14:37:47 24 that I -- I had any form of an agreement with Apple or

14:37:51 25 that I had a conversation about a gentleman's agreement

ERRATA SHEET

Witness: Lori McAdams

Date of Deposition: August 2, 2012

Page Line

| | | | |
|-----|-----|---------|---|
| 13 | 3-4 | Change: | Capitalize "Vice President of Human Resources and Administration" |
| | | Reason: | Capitalization |
| 23 | 3 | Change: | Change "benefit employees" to "benefitted employees" |
| | | Reason: | Transcription error |
| 37 | 12 | Change: | delete the word "a" before "turnover" |
| | | Reason: | Transcription error |
| 57 | 15 | Change: | Change the phrase "search for" to "search firm" |
| | | Reason: | Transcription error |
| 71 | 3 | Change: | Change "requested" to "requesting" |
| | | Reason: | Transcription error |
| 75 | 19 | Change: | Change "Jo DiCenzo" to "Jodi DiCenzo" |
| | | Reason: | Misspelling |
| 79 | 3 | Change: | Insert "person" between "compensation" and "at Sony Pictures." |
| | | Reason: | Transcription error |
| 131 | 10 | Change: | Change "Curry" to "Currey" |
| | | Reason: | Misspelling |
| 167 | 21 | Change: | Change "Andre and" to "angering" |
| | | Reason: | Transcription error |
| 171 | 1 | Change: | Capitalize "The" in "the Walt Disney Company" |
| | | Reason: | Capitalization |
| 173 | 25 | Change: | "Jeremy" to "Jerremy" |

| | | | |
|-----|---|---------|------------------------|
| | | Reason: | Misspelling |
| 174 | 1 | Change: | "Jeremy" to "Jerremy" |
| | | Reason: | Misspelling |
| 174 | 3 | Change: | "Jeremy" to "Jerremy" |
| | | Reason: | Misspelling |
| 214 | 7 | Change: | Change "here" to "her" |
| | | Reason: | Typo |

☒ Subject to the above changes, I certify that the transcript is true and correct.

☐ No changes have been made. I certify that the transcript is true and correct.

Jori M'Adams
(signature)

9-10-12
(date)